NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/31):
BUTTER: Grade AA closed at $1.1925. The weekly average for Grade AA is $1.1908 (+.0041).
CHEESE: Barrels closed at $1.4575 and blocks at $1.4850. The weekly average for barrels is $1.4835 (-.0665) and blocks, $1.5430 (-.0570).

BUTTER: Churning activity across the country is often lighter than desired at many butter plants. Cream supplies are somewhat more available although production of holiday cream based products is competing for the available volumes. Current butter production is not keeping pace with demand, thus inventoried stocks are being used to fill the order. Quota butter imports, subject to licensing, during January - September 2003 total nearly 10.6 million pounds. This nine month total compares to 9.5 million pounds during the same period in 2002. The calendar year butter quota for 2003 is nearly 15.4 million pounds. Overall buying interest is very good as both retail and food service buyers prepare for the upcoming holidays. Relatively steady base prices are allowing store features to move good volumes of butter. For the most part, Thanksgiving orders have been placed and shipped with buyers now working on Christmas/ New Year needs.

CHEESE: The cheese market is weak. The price of both blocks and barrels are sharply lower this week. Some buyers have already cancelled or delayed orders. Others with minimal inventory may not be able to wait for the prices to stabilize. Process sales remain sluggish. Barrels and other processing solids have often been discounted to clear. Cheese production is about steady. Many plant operators are reluctant to purchase additional milk supplies with cheese prices declining. Cheese yields are steady to higher seasonally.

FLUID MILK: The continuing grocery store strike in various areas of the country is impacting dairy product distribution and production patterns. The recent decline in cheese prices is reducing manufacturing milk interest from cheese plant operators trying to balance orders and production. Milk production is continuing to increase through much of the Southeast. Receipts in the upper Midwest and Northeast are little changed from recent weeks. The fires in California are also a factor on fluid sales though not a direct impact yet on dairies although many outdoor activities are curtailed. Recent milk production patterns there are holding steady. In Arizona, intakes are building because of better weather conditions. The normal seasonal production increase in the Pacific Northwest seems slow to develop. Flooding last week caused some extra shifting of milk supplies followed by a wind storm at midweek disrupting power supplies.

DRY PRODUCTS: The NDM market is steady. Current production levels are steady. Offerings are light and much is already committed to DEIP deals. A lot of the powder currently being traded is comprised of CCC-owned NDM included as partial payment for CCC purchases of cheese and pudding. Buttermilk prices are steady to firm. Current offerings are limited and drying schedules remain light. The whey markets are generally steady to firm. Supplies in the Central region are heavier and price resistance is noted. Stocks are in balance to tight in the West and Northeast, respectively. Export interest is steady to lighter. The WPC market is firm and prices are higher. Interest is improving especially from international buyers. Current supplies are tight and some orders are being delayed.

CCC: During the period of October 27 - 31, CCC purchased 6,018,056 net pounds of nonfortified NDM from the West.

THE DAIRY SITUATION AND OUTLOOK (ERS): Moderately strong cheese sales and tight supplies of milk for manufacturing have allowed cheese prices to hold, despite a major diversion of milk from butter-powder production into cheese. Wholesale Cheddar cheese prices have been largely unchanged since late July. August milk per cow failed to sustain the apparent recovery of June and July. In the 20 major States, output per cow fell from a July increase of 0.8% from a year earlier to an August drop of 0.4%. Compared with the 5-year average milk per cow, this year's output grew at an annual rate of about 1.2% in June, July, and August. Even so, milk per cow remained relatively weak, and a solid recovery is not yet apparent. The weak milk per cow, slipping milk cow numbers, and larger apparent use of milk in other foods left supplies of milk for manufacturing substantially below a year earlier, particularly in August. Butter and nonfat dry milk production fell sharply in July-August as a much larger share of the smaller milk supplies moved into cheese. Even so, July-August output of American cheese varieties was about 1% below a year earlier while production of other kinds rose only slightly. With cheese sales rising 3% from a year earlier and stocks moderate, this cheese production was insufficient to ease tight cheese markets. Milk production this autumn is expected to grow slightly from a year earlier as well as impending seasonal rises.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first 8 months of 2003 totals 114.0 billion pounds, 1.7% more than the same period in 2002. Comparing disappearance levels with year earlier levels: butter is off 0.7%, American cheese, down 0.6%, Other cheese, up 1.8%, NDM, off 5.4%, and fluid milk products, down 0.4%

CONSUMER PRICE INDEX (BLS): The September CPI for all food is 180.7, up 2.4% from September 2002. The dairy products index at 170.3 is up 2.4% from a year ago. The following are the September to September changes for selected products: fresh whole milk up 4.6%, cheese up 1.8%, and butter down 1.2%.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the October 2003 prices under the Federal Milk Order pricing system: Class II $10.84 (+$0.08), Class III $14.39 (+$0.09); and Class IV $10.16 (+$0.11). Product price averages used in computing Class prices are: butter $1.1611, NDM $0.8109, cheese $1.5936, and dry whey $0.1892. The Class II butterfat price is $1.2623 and the Class III/IV butterfat price is $1.2553. Further information may be found at:
http://www.ams.usda.gov/dyfmos/mib/classprcacnmt.pdf

****SPECIAL THIS ISSUE****

CHICAGO MERCANTILE EXCHANGE CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY OCTOBER 27	TUESDAY OCTOBER 28	WEDNESDAY OCTOBER 29	THURSDAY OCTOBER 30	FRIDAY OCTOBER 31	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.5000 (-.0350)	$1.5000 (N.C.)	$1.5000 (N.C.)	$1.4600 (-.0400)	$1.4575 (-.0025)	-.0775	$1.4835 (-.0665)
40# BLOCKS	$1.6000 (N.C.)	$1.5900 (-.0100)	$1.5400 (-.0500)	$1.5000 (-.0400)	$1.4850 (-.0150)	-.1150	$1.5430 (-.0570)
BUTTER							
GRADE AA	$1.1900 (+.0025)	----	$1.1900 (N.C.)	----	$1.1925 (+.0025)	+.0050	$1.1908 (+.0041)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **(NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is $.8400 and Grade A price is $.8400. NDM information remains available at the above internet address.)**

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 27, 2003

CHEESE — SALES: 2 CARS BARRELS: 1 @ $1.5225, 1 @ $1.5000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.5300
BUTTER — SALES: 15 CARS GRADE AA: 1 @ $1.1900, 1 @ $1.1875, 1 @ $1.1900, UNFILLED: 12 CARS GRADE AA: 5 @ $1.1900, 3 @ $1.1875, 1 @ $1.1850, 1 @ $1.1825, 2 @ $1.1800; OFFERS UNCOVERED: NONE

TUESDAY, OCTOBER 28, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS 40# BLOCKS: 1 @ $1.5900, 5 @ $1.6000

WEDNESDAY, OCTOBER 29, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ $1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS 40# BLOCKS: 1 @ $1.5400, 2 @ $1.5500, 2 @ $1.5900
BUTTER — SALES: 15 CARS GRADE AA: 1 @ $1.1875, 1 @ $1.1850, 1 @ $1.1875, 1 @ $1.1900, 1 @ $1.1925, 2 @ $1.1900, 1 @ $1.1925, 1 @ $1.1950, 5 @ $1.1925, 1 @ $1.1900; BIDS UNFILLED: 11 CARS GRADE AA: 1 @ $1.1850, 2 @ $1.1825, 2 @ $1.1800, 1 @ $1.1775, 1 @ $1.1750, 2 @ $1.1725, 2 @ $1.1700; OFFERS UNCOVERED: NONE

THURSDAY, OCTOBER 30, 2003

CHEESE — SALES: 8 CARS 40# BLOCKS: 1 @ $1.5400, 1 @ $1.5375, 1 @ $1.5325, 3 @ $1.5300, 1 @ $1.5275, 1 @ $1.5000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 2 @ $1.4600, 1 @ $1.4950; 7 CARS 40# BLOCKS: 1 @ $1.5000, 1 @ $1.5175, 1 @ $1.5250, 2 @ $1.5300, 1 @ $1.5325, 1 @ $1.5400

FRIDAY, OCTOBER 31, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ $1.4850; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ $1.4575; 1 CAR 40# BLOCKS @ $1.5025
BUTTER — SALES: 30 CARS GRADE AA: 1 @ $1.1950, 5 @ $1.1925, 1 @ $1.1950, 1 @ $1.2000, 2 @ $1.1925, 7 @ $1.1950, 6 @ $1.1925, 1 @ $1.1950, 1 @ $1.1925, 1 @ $1.1950, 1 @ $1.1975, 2 @ $1.1925, 1 @ $1.1950; BIDS UNFILLED: 24 CARS GRADE AA: 21 @ $1.1900, 1 @ $1.1875, 1 @ $1.1850, 1 @ $1.1825; OFFERS UNCOVERED: 3 CARS GRADE AA: 2 @ $1.1925, 1 @ $1.2000

BUTTER MARKETS

NORTHEAST

The cash price at the CME continues to fluctuate within a narrow range around $1.1900. Producers and handlers are questioning how long will firm prices prevail before the typical seasonal weakness occurs. Most indicate that Thanksgiving orders have basically been filled with lighter fill-in orders before the holiday expected. Most buyers are now looking ahead to Christmas/New Year needs. Fresh stocks of butter continue to lag demand thus inventoried stocks continue to be microfixed. Churning schedules are lighter than desired at many facilities. Competition for available cream volumes is building as Class II cream based product production increases for upcoming holiday needs. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The cash butter trading level at the CME held steady at $1.1900 at mid week with many producers and handlers questioning how long will this hold before the typical fourth quarter decline. Churning activity remains seasonally active, although many butter producers would take advantage of additional cream offerings if available. Cream based, Class II, product production is increasing as orders are placed and deliveries are occurring for the upcoming holidays. Overall, stocks of butter are sufficient for current and future needs. Often, fresh butter supplies are not keeping pace with need, thus inventoried stocks are making up the difference. Quota butter imports, subject to licensing requirements, during January - September 2003 total nearly 10.6 million pounds. This nine month total compares to 9.5 million pounds during the same period in 2002. The calendar year butter quota for 2003 is nearly 15.4 million pounds. Butter demand is seasonally strong. Producers and handlers indicate that most Thanksgiving orders have been placed with buyers now looking at the Christmas/New Year period needs. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing basis.

WEST

A number of churning operations are indicating that they are beginning to get some additional cream supplies as demand from ice cream plants and cheese vats abates somewhat. Other churns remain behind on filling normal orders and are not seeing any increases in production. Demand for bulk and print butter is excellent for this time of year. The relatively low base prices are allowing store features to move good volumes of butter. Inventories continue to be reduced as the supply of current butter is insufficient to meet demand. The ongoing grocery store strike is causing some logistical problems, but total volumes sold are near normal. Imports of high-tier butter through September are only a few loads and are only a fraction of last year at this time. Quota butter imports through September have reached 10.6 million pounds, about 12% ahead of the same period last year. CME weekly warehouse totals declined by 7.1 million pounds during the most recent week. Declines over the last fifteen weeks total 94.4 million pounds or an average of 6.3 million pounds per week. This is a much faster rate of drawdown than is normally the case. Current prices for bulk butter range from 1 cent under the market to 4 cents under the market based on the CME with various time frames and averages. Butter prices at the cash CME market continue to trade in a very narrow range with a number of end users using the market as a vehicle to acquire needed butter supplies. Sales activity for the four weeks ending October 24 is 303 loads of bulk butter.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
OCTOBER 25	1.5834	1.5801	0.8102	1.1739	0.1928
	8,493,509	11,086,592	23,134,660	2,997,969	10,608,904

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Wholesale prices are unchanged on natural varieties and lower on process. The cash block price at the Chicago Mercantile Exchange has been unchanged at $1.60 since July 31. Current cheese production in the East remains light as surplus milk volumes remain mostly limited. Demand is generally fair to good as orders for Thanksgiving needs are filled and shipped. Aged cheddar interest is continuing to improve seasonally. Food service interest is fair to good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6650-2.1600
Cheddar Single Daisies	:	1.6225-2.0875
Cheddar 40# Block	:	1.7400-1.9875
Process 5# Loaf	:	1.7600-1.9600
Process 5# Sliced	:	1.7800-2.0275
Muenster	:	1.8375-2.0300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. After remaining unchanged for nearly 3 months, the cash block price at the Chicago Mercantile Exchange declined 1 cent on October 28 to $1.59. A few producers' report that some orders have been cancelled. Others are seeing lighter orders for next week. Grocery store strikes have impacted cheese demand and distribution patterns. Some muenster tightness and/or slow deliveries continue but otherwise most natural supplies are adequate. Barrels remain weak and producers struggle to clear extra loads. Process movement continues sluggish. Milk supplies available for cheese production are steady though spot milk interest has slowed. Cheese yields continue to increase as fat and protein levels in incoming milk supplies rebound seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7300-1.9100
Brick And/Or Muenster 5#	:	1.9900-2.2625
Cheddar 40# Block	:	1.8900-2.1150
Monterey Jack 10#	:	2.1150-2.2200
Blue 5#	:	2.3550-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9050-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.6850

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
10/27/03	64,340	:	127,782
10/01/03	73,995	:	127,886
CHANGE	-9,655	:	-104
% CHANGE	-13	:	N.C.

WEST

After 62 trading sessions of the block price holding steady at $1.60, the price declined one cent on October 28. Western contacts are not really surprised at the market move, but they indicate demand for current number one blocks in the West is very good and many are calling it a sellers' market with buyers waiting for shipments. Because of the market pattern through the fall, many buyers have only minimal stocks of cheese on hand that they will need for fall programs since they have only been making hand to mouth purchases. Some think that because of this situation there will be little slowing in demand as is sometimes the case when the market starts to tip over after being on a plateau for a period of time. Barrel cheese and processing solids are not moving as well and often have to trade at a discount. Under grade stocks are moving, but there is still a good supply on hand. Some contacts are concerned about heavy mozzarella supplies and some of the quality noted on stored product is not good. Swiss demand is good going into the end of the year holiday period, but inventory levels might be higher than the market is requiring at this time.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6975-1.9575
Cheddar 40# Block	:	1.7300-2.0800
Cheddar 10# Cuts	:	1.9100-2.1300
Monterey Jack 10#	:	1.9200-2.0800
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.4600

FOREIGN

Prices and market tone are steady. Seasonal improvement in demand for foreign type cheese continues. Supplies are adequate for current needs. September 2003 licensed cheese imports total 9,478,250 Kg, down 349,024 Kg, (-3.6%) from last September. Cumulative 2003 cheese imports total 82,437,308 Kg, off 3,735,769 Kg (-4.3%). The 2003 cumulative total is 60.8% of the annual tariff rate quota.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.7200	1.9600-3.4500
Gorgonzola	3.6900-5.9400	2.4775-2.4900
Parmesan (Italy)	TFEWR	3.3700-3.4600
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.5000	1.9675-2.1950
Romano (Cows Milk)	-0-	3.1575-5.3300
Sardo Romano (Argentine)	2.8500-3.2900	-0-
Reggianito (Argentine)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.7900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.2500	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	128	0	155	0	134	0
SOUTHEAST STATES	0	0	0	0	0	0

EDITOR'S NOTE: Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

Milk production is showing more signs of increasing in the Southeast, but steady to occasionally lower in the Northeast. Cooler weather and some much needed rainfall were reported in Florida and other Southeastern states. The rain helped restart grass/pasture growth and the cooler weather eased cow comfort. Milk output was increasing as far west as Texas and up into the Mid-South. The gains in the milk flow eased the need for milk in the region. Colder temperatures and some early snowfalls were noted in New York and New England late last week and milk output has eased lower in some areas. The easing of the milk flow is typical for this time of year. Bottled milk demand is fair at best. Most contacts report that Class I demand is little changed or even slower than past weeks. However, Florida is starting to see the "early bird" winter residents start to show up and this could/should help milk sales. Milk needs in the Southeast are off slightly and they have less need for contracted milk from other regions. Therefore, interregional shipments are not as heavy as they have been. The strike/lockout affecting some large retail chain stores is entering its fourth week and is barely mentioned in contacts' conversations any more. Other stores have apparently seen improved sales, which offset the losses seen in the chains that are closed/impacted by the strike. Surplus milk supplies remain tight, but not quite as tight as earlier this month. Some plants continue to operate on reduced schedules and others are operating as they have been for the past few weeks. The condensed skim market is little changed. With the tight supply of surplus milk, some suppliers have had to "out source" some loads to meet contracts. There is little trading on Class III condensed skim because of price. The fluid cream market is easing slightly and supplies, though in better balance, are still long late in the week; light to balanced early. Spot prices are mixed. Last week's CME butter average did move fractionally higher, but multiples did ease lower at the upper end of the range. Ice cream output is starting to fall into winter patterns, but output is still quite good. Cream cheese production is steady to heavier as anticipated holiday needs are being made. Production of bottled cream, egg nog, and other holiday items are just getting under way. Churning activity is mostly steady.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.5664-1.7326
Delivered Equivalent Atlanta	-	1.6139-1.7800 M 1.6376-1.6851
F.O.B. Producing Plants: Upper Midwest	-	1.5902-1.6614

PRICES OF CONDENSED SKIM, $ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:

Northeast- Class II - includes monthly formula prices	-	.8700-.9300
Northeast- Class III - spot prices	-	1.2000-1.3000

MIDWEST

Class I interest is about steady with recent weeks. Manufacturing milk demand is again lighter as plant operators try to minimize the inventory value write down associated with the declining cheese market. Also, some milk buyers are waiting for November and the expected lower Class III price. Handlers have to make more calls to clear any extra loads that occasionally occur. Many regular buyers have also cut back on the volume of milk purchased. Reported spot manufacturing milk premiums range from $1.15 – 1.75 over class. Cream demand is steady. Condensed skim prices are steady with demand from Class III accounts negligible due to the price differential with NDM. Current milk intakes continue fairly steady with the occasional slightly higher and lower changes. Fat and protein levels on incoming milk supplies are rebounding seasonally, improving manufactured product yields. Scattered snow, rain, and mixed precipitation fell over parts of the region though temperatures warmed sufficiently to melt the snow. Fall harvest and tillage operations are well underway to complete in some areas. Fall fertilizing and liming is also occurring. Most areas remain very dry and most precipitation is very welcome.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	$ 46.00- 52.00	$ 30.00- 36.00
REPLACEMENT HEIFER CALVES	$380.00-520.00	$300.00-480.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	$ 50.00- 56.25	$ 33.00- 39.00

WEST

Third quarter U.S. milk production totaled 41.5 billion pounds, down 0.6% from the previous year. U.S. output for the first nine months of the year totals 128.4 billion pounds, up 0.1% from the same period in 2002. Third quarter output for selected Western states compared to last year is as follows: Arizona -2.7%, California -0.8%, Idaho +7.4%, New Mexico +3.7%, Oregon +2.8%, Utah -5.3%, and Washington -1.5%. September 2003 POOL RECEIPTS of milk in CALIFORNIA total 2.80 billion pounds, 1.6% lower than the prior year. Year to date pool receipts are running 1.2% higher than 2002. The September blend price, at a fat test of 3.61%, is $13.35, $0.55 higher than August and $2.82 above September 2002. The percentage of receipts used in Class 1 products is 19.47%. The September quota price is $14.34 and the over quota price is $12.64. These prices are $0.38 higher than August and $2.76 more than a year earlier. CALIFORNIA milk production patterns have been holding fairly close to recent patterns. The numerous and widespread fires in southern California have not directly impacted dairies, but secondary effects of smoke and ash from the fires is widespread. The effects on milk intakes are not evident currently, but there is concern. Milk buying patterns were disrupted in prior weeks by strikes at grocery stores and are further impacted by the fires. Schools are closed and outdoor activities are being curtailed. Travel and subsequent restaurant usage are lower as people stay indoors. There are more concerns over the drop in block cheese prices this week. More milk is being offered as cheese plants look to match production with orders and not build inventory. ARIZONA milk supplies are building slightly as better milk producing conditions are prevailing. Milk cows are responding to cooler daytime and nighttime temperatures. The effects of record days of temperatures above 100 degrees this year have taken a big toll on the recovery of milk. Feed intakes are noted to be higher with less stress noted. Manufacturing plants are running well on abbreviated schedules. Bottled milk sales are mostly steady. The CME butter price increased slightly this week and closed at $1.1900 on 10/29. Offerings of cream are trending higher and available from more sources. Holiday, cream-based item production continues to build and butter makers are having heavy printing schedules. Western cream multiples are lower within the range from 113 to 125, FOB, depending on class usage and basing point. A break in the weather has allowed most of those with corn left in the field to finish the silage harvest in western WASHINGTON. Quality seems to be fair at best. The normal seasonal increase in milk production seems to be slower than normal in developing this fall in the PACIFIC NORTHWEST. Some contacts are blaming part of this on poor hay quality. However, the late cutting harvest that was just completed looks very good from a quality point of view. Some dairies are scrambling to get some of this hay. Some quotes noted are around $115/ton. Dairies continue to cull low end producers as beef prices remain strong. The flooding of a week ago did cause some plants to move milk around to available plants which did change the product mix produced. A wind storm at midweek this week disrupted some power supplies. Cooler weather is moving into IDAHO and UTAH. Some rain/snow showers are forecast for the end of the week. Most areas have received no moisture in six weeks following the fifth summer of an extended drought. Most water storage facilities in the region are at historical low levels. Growers are pondering decisions on crops for next year based on very short water supplies. Tests on incoming milk receipts are starting to increase at a faster rate as weather turns more fall-like. Heifer prices at the Jerome auction continue to firm. The top of the market was near $2000 last week, the highest since June of last year and the average was just short of $1650. Improved milk prices are allowing producers to bid more for heifers.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a steady market. While milk production is slowly increasing, NDM production is mostly steady. Supplies are anticipated to increase as more milk is diverted to the NDM/ butter mix in response to lower cheese prices and seasonally lower Class I interest. Sales of condensed skim are good into Class II facilities. Sales of low and high heat NDM are mostly contractual with good spot demand for totes and 50# bags. Supplies are tight, especially as movement of NDM out of CCC warehouses for the cheese or pudding exchange has reportedly slowed. Some resale CCC loads are available at the lower end of the range. EAST: Eastern prices are unchanged and the market tone remains firm. Production levels remain limited. Producers and traders comment on the low levels of drying in the East, particularly high heat. Surplus milk volumes have been and remain very tight. The good demand for Class II condensed skim continues to reduce the need to dry. Producers are occasionally hard pressed to meet contract shipping dates/times. Traders report that NDM from the various government exchange programs are making up a large portion of current trading activity. However, the volumes being released by the government are unknown. Also, the volumes released are reportedly on anything but a regular schedule since they are based on deliveries of cheese and/or pudding to the government. Demand for NDM is good. Cheese makers, in particular, are taking quite a bit now that Class III condensed skim prices are so high.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8300 - .8800	MOSTLY:	.8425 - .8600
HIGH HEAT:	.8650 - .9450		

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are unchanged. The market tone is fully steady. Production schedules are steady and reflect milk supplies in the region. Demand is good. The drop in cheese prices may signal the end of usage of condensed skim and NDM in cheese making to extend yields. Recently produced supplies are limited and often committed to DEIP, government contracts and contracted customers. With some contracts coming to an end during November and milk supplies expected to build seasonally, there are concerns that NDM supplies could become heavier. Current stocks are limited. During the week of October 20 - 24, CCC net purchases totaled 3.7 million pounds of NDM from the West. Western high heat NDM market prices are steady. Buying interest has been established for seasonal accounts and manufacturers are attempting to fill orders in a timely basis. Spot demand is light with buyers searching hard to fill needs as producers' stocks are limited and often committed.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8000 - .8825	MOSTLY:	.8000 - .8150
HIGH HEAT:	.8350 - .8500		

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 24	$.8037	13,446,605	1,976,028
October 17	$.8064	11,295,199	2,241,876

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices remain unchanged and nominal on a steady to firm market. Seasonal increases in the milk supply are delayed, limiting available cream supplies for churning. Intakes of cream and condensed buttermilk into ice cream operations remain generally steady. Condensed buttermilk movement into dryers is very light. Dry buttermilk production is expected to increase as cheese prices fall and more milk is diverted into butter. Supplies are short and demand is good, especially for holiday blending and baking.

F.O.B. CENTRAL: .8500 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher and nominal. The market tone remains firm. Contacts report that there is little or no dry buttermilk available from Eastern producers. Production is limited by the amount of churning and the continued good call for liquid buttermilk. Some spot resale loads are noted, but these too, are infrequent. There are more reports of LTL sales to partially satisfy as many buyers as possible.

F.O.B. NORTHEAST:	.8250 - .8400
DELVD SOUTHEAST:	.8500 - .8700

DRY BUTTERMILK - WEST

Prices for dry buttermilk in the West are holding mostly steady. The market tone is steady to firm, but the lightly tested market is preventing movement at the pricing levels. Producers do not have much current production to offer on the spot market and continue to backfill orders. Despite higher butter production, drying of buttermilk is slow to redevelop. Demand is light, but often buyers have sourced alternative products to fill needs. Stock levels remain light.

F.O.B. WEST: .8300 - .8800 MOSTLY: .8400 - .8600

DRY WHOLE MILK - NATIONAL

Prices and the market tone remain steady. Prices are nominal. There is a limited test to the spot market. Producers and some traders are commenting on the tight supply. Demand is improved seasonally, but most users have powder under contract and are not in the spot market. Production levels are little changed and light. Imported powder is available at competitive prices.

F.O.B. PRODUCING PLANT: 1.0650 - 1.2000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2003 TO DATE
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 22,733 MT (50,117,171 LBS)

Allocations for the DEIP year beginning July 1, 2003, were announced on August 15 and total 68,201 MT of NDM, 3,030 MT of cheese, and 21,097 MT of butterfat. (These totals are unchanged from last year's program.) This program-year's allocations are again being announced in stages. Stage one allocations are:
NDM -- 22,733 MT, butterfat -- 7,032 MT, and cheese -- 1,010 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices and the market tone are mixed. Although supplies are readily available at most locations, brand specific product and whey destined for the export market are often traded at premium. Multiple load trades to resellers at a discount are also being reported. Some aged product is available at competitive prices. Demand is fair to good into bakery, confectionary and some feed facilities. Production is mostly steady on both condensed and dry whey with reduced supplies anticipated as milk is diverted away from cheese in response to lower cheese prices and as some plants modify their facilities for reduced whey output.

F.O.B. CENTRAL: .1925 - .2075 MOSTLY: .1950 - .2000

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to move fractionally higher and the market tone remains firm. Production levels are light in the East where surplus milk supplies are tight. Some producers are down an extra day or two each week because of the milk supply. Others, if they haven't already, will soon begin to make specialty cheese for the holidays, which disrupts their Extra Grade/Grade A whey output. This drop in cheese and whey production is having a big impact on availability for some whey producers. Since output is not keeping pace with projected production levels, some shipping delays are expected. Stocks at the plant level are tight and becoming tighter at the resale level. Traders report that their stocks are clearing a little faster than expected. Demand is good as buyers see higher prices for most of the fall and are trying to buy ahead of any additional price increases. Most Eastern producers are sold out or over sold.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2025 - .2200
DELVD SOUTHEAST: .2225 - .2375

DRY WHEY – WEST

Western whey prices range from steady to fractionally higher on the range with the mostly holding steady. Export sales are being reported as ranging from steady to somewhat slower. Sellers are reporting additional domestic interest. Some price resistance is noted, but stocks are not being reported as a problem at most producing facilities. Production is increasing at a slower rate than most plants had anticipated.

NONHYGROSCOPIC: .1700 - .2150 MOSTLY: .1900 - .2000

ANIMAL FEED WHEY - CENTRAL

Prices remain unchanged and nominal on a steady market. Limited supplies of milk replacer product are encouraging some buyers to instead purchase Extra Grade whey. Interest is generally fair with increased offerings noted compared to the week prior. Veal production totaled 15.4 million pounds, 6% below September a year ago. September calf slaughter totaled 82,600 head, down 7% from September 2002. Pork production totaled 1.66 billion pounds, a monthly record high, up 2% from the previous year. Hog kill totaled 8.55 million head, 1% above September 2002.

F.O.B. CENTRAL:
MILK REPLACER: .1800 - .1875

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Trading activity remains light yet improved compared to the week prior. Spot load interest is good into Mexico, Canada and Asia. Some spot loads of Canadian WPC 34% are also being traded into the US. Supplies are generally tight with some contractual loads being delayed. Some buyers are requesting contracts for 2004. Sellers are ambivalent of their production schedules for 2004 due to the unpredictable milk supply trends and at some locations, the option to switch between WPC 34% and 80%. Feed operations are starting to express their concerns over the higher prices. Reports of whether WPC 80% is a price attractive substitute to WPC 34% vary, indicating the product differentiation between WPC 80% suppliers.

F.O.B. EXTRA GRADE 34% PROTEIN: .5200 - .5725 MOSTLY: .5225 - .5425

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Interest in lactose is strong from domestic and export markets, especially on the higher mesh sizes. Inquiries are noted from Asia and the EU for current and future shipments. Production is less than anticipated at some locations, encouraging some plants to cancel or delay contractual loads. Interest is best into candy and confectionary operations with most movement occurring on a contractual basis. Some buyers have succeeded in negotiating contracts for 2004. Most producers remain reluctant in finalizing anything for the New Year yet talks are commencing. Speculation of production trends in New Zealand are being made as continued New Zealand NDM production in 2004 will likely result in good lactose demand to this region for standardization.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .1950 - .2650 MOSTLY: .2050 - .2200

CASEIN – NATIONAL

Casein prices and the market tone remain firm. Supply availability during the upcoming months is a concern for both buyers and suppliers. At this time, most buyers are getting their contracted volumes, but additional or spot needs are very difficult to find. Some buyers are trying to negotiate commitments from suppliers for second quarter 2004 needs, although most suppliers are not extending themselves that far into the future. Milk production in Oceania is increasing seasonally, while milk volumes in Europe are declining. These early season conditions in Oceania and late season volumes in Europe are causing casein production schedules to be modified to the available milk.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1000 - 2.2000
ACID: 2.0500 - 2.2500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Surplus milk supplies remain tight in many areas of the country and production of canned evaporated milk is light to moderate. The current, high price of milk is also a factor in production levels. Demand is improving at retail as most grocery stores now have baking promotions on display. The strike/lock out at several large retail chains is in its fourth week and may be expanding. Producer stocks are adequate.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $19.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

THE DAIRY SITUATION AND OUTLOOK

Milk Supply Not Enough to Erode Cheese Prices

Moderately strong cheese sales and tight supplies of milk for manufacturing have allowed cheese prices to hold, despite a major diversion of milk from butter-powder production into cheese. Wholesale Cheddar cheese prices have been largely unchanged since late July. Cheese prices may remain near current levels until milk production picks up seasonally in a few weeks. However, an early seasonal price peak still seems likely unless sales accelerate.

August milk per cow failed to sustain the apparent recovery of June and July. In the 20 major States, output per cow fell from a July increase of 0.8 percent from a year earlier to an August drop of 0.4 percent. However, year-to-year changes were very misleading because of last year's erratic growth in milk per cow. August 2002 was marked by the near-complete absence of normal summer heat stress. Compared with the 5-year average milk per cow, this year's output grew at an annual rate of about 1.2 percent in June, July, and August. Even so, milk per cow remained relatively weak, and a solid recovery is not yet apparent.

The weak milk per cow, slipping milk cow numbers, and larger apparent use of milk in other foods left supplies of milk for manufacturing substantially below a year earlier, particularly in August. Butter and nonfat dry milk production fell sharply in July-August as a much larger share of the smaller milk supplies moved into cheese. Even so, July-August output of American cheese varieties was about 1 percent below a year earlier while production of other kinds rose only slightly. With cheese sales rising 3 percent from a year earlier and stocks moderate, this cheese production was insufficient to ease tight cheese markets. Market conditions in September may well have been similar.

Milk production this autumn is expected to grow slightly from a year earlier as well as impending seasonal rises. With cheese claiming the lion's share of available milk supplies, Cheddar cheese production is projected to move above year-earlier levels—putting considerable pressure on cheese prices.

In early October, manufacturers' stocks of nonfat dry milk were revised for all of 2002 and the first 7 months of 2003. The revisions showed a fairly consistent 20 to 35 million pounds less in stocks than originally published. As well as significantly altering the levels of the powder and milk equivalent, skim solids basis stocks data, the revisions may help explain some unusual patterns that had first appeared in the second half of 1999. However, the impact on the outlook for the rest of 2003 and 2004 is minor. The major implication of the data correction is that prices might be expected to respond more quickly to tighter-than-expected conditions than would have seemed likely before the revisions.

DAIRY FORECASTS

	2002	2003		2004			
	ANNUAL	IV	ANNUAL	I	II	III	ANNUAL
Milk cows (thous.)	9,141	9,050	9,100	9,000	8,960	8,930	8,950
Milk per cow (pounds)	18,573	4,620	18,710	4,845	4,955	4,715	19,260
Milk production (bil. pounds)	169.8	41.8	170.3	43.6	44.4	42.1	172.3
Commercial use (bil. pounds)							
milkfat basis	170.5	44.8	173.4	42.6	44.5	45.3	177.6
skim solids basis	163.6	41.9	166.1	41.3	42.2	44.0	170.7
Net removals (bil. Pounds)							
milkfat basis	0.3	0.1	1.2	0.3	0.1	0.2	0.7
skim solids basis	9.8	1.1	8.2	2.0	2.4	0.7	5.6

Source: "Livestock, Dairy, and Poultry Outlook," LDP-M-112, October 17, 2003, Economic Research Service, USDA, Washington, DC. For more information, contact James J. Miller, (202) 694-5184.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/	CPI 2/	Pct. Chg.3/
JUL 2003	179.7	2.1	164.7	-1.7	158.5	-1.6	167.9	-1.1	144.5	-6.3	168.2	3.6
AUG 2003	180.4	2.5	167.5	0.2	159.2	-0.3	171.8	1.2	140.8	-3.9	169.7	4.6
SEP 2003	180.7	2.4	170.3	2.4	167.8	4.6	171.5	1.8	147.9	-1.2	171.1	5.7

U.S. City Average Retail Prices

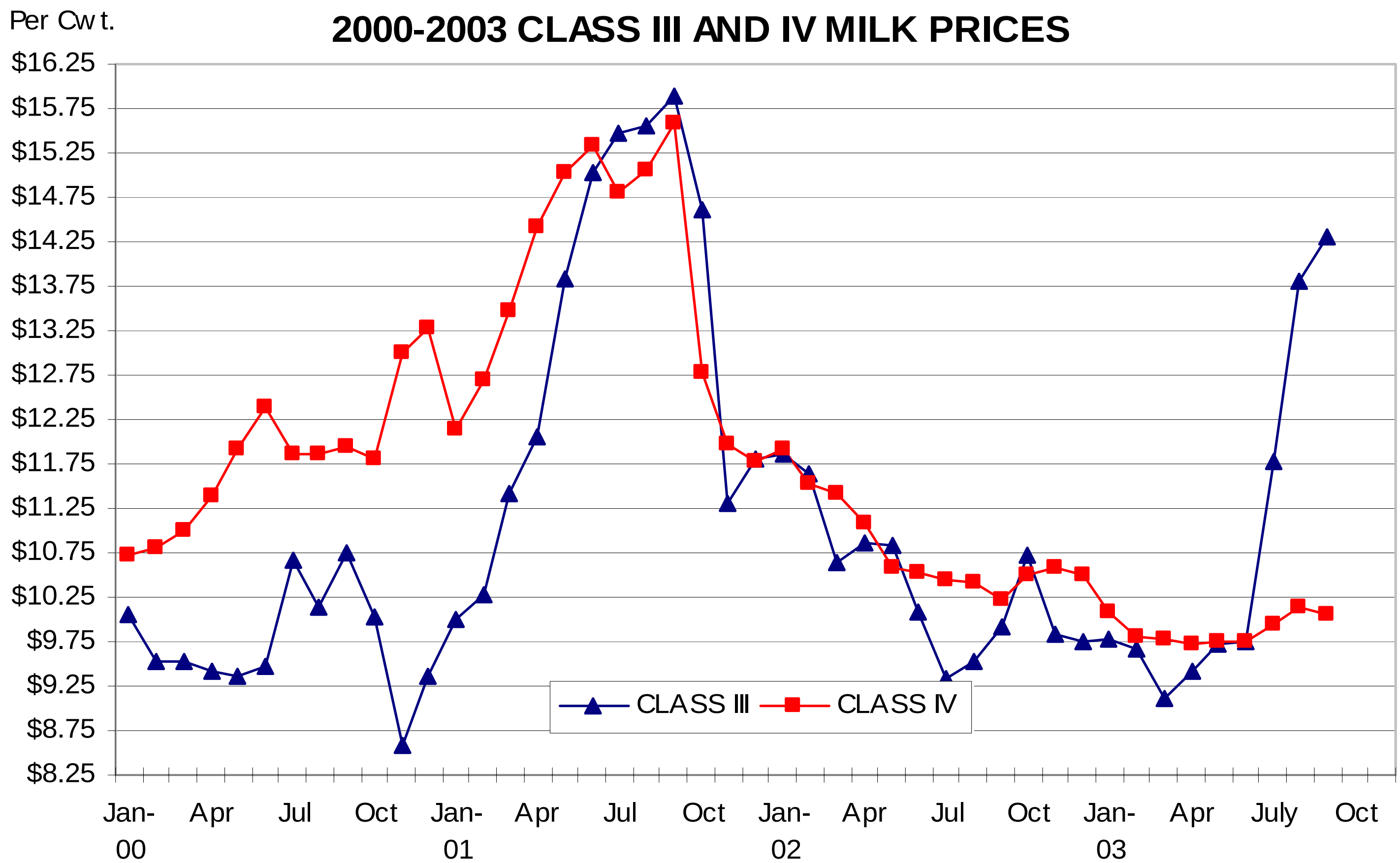
Month	Whole Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Dollars									
JULY	2.708	2.747	2.697	3.095	3.688	3.783	3.736	4.292	3.965	3.883
AUGUST	2.666	2.720	2.747	2.938	3.815	3.895	3.845	4.345	3.976	3.783
SEPTEMBER	2.904	2.728	2.856	3.101	3.803	3.841	3.900	4.381	3.892	3.896

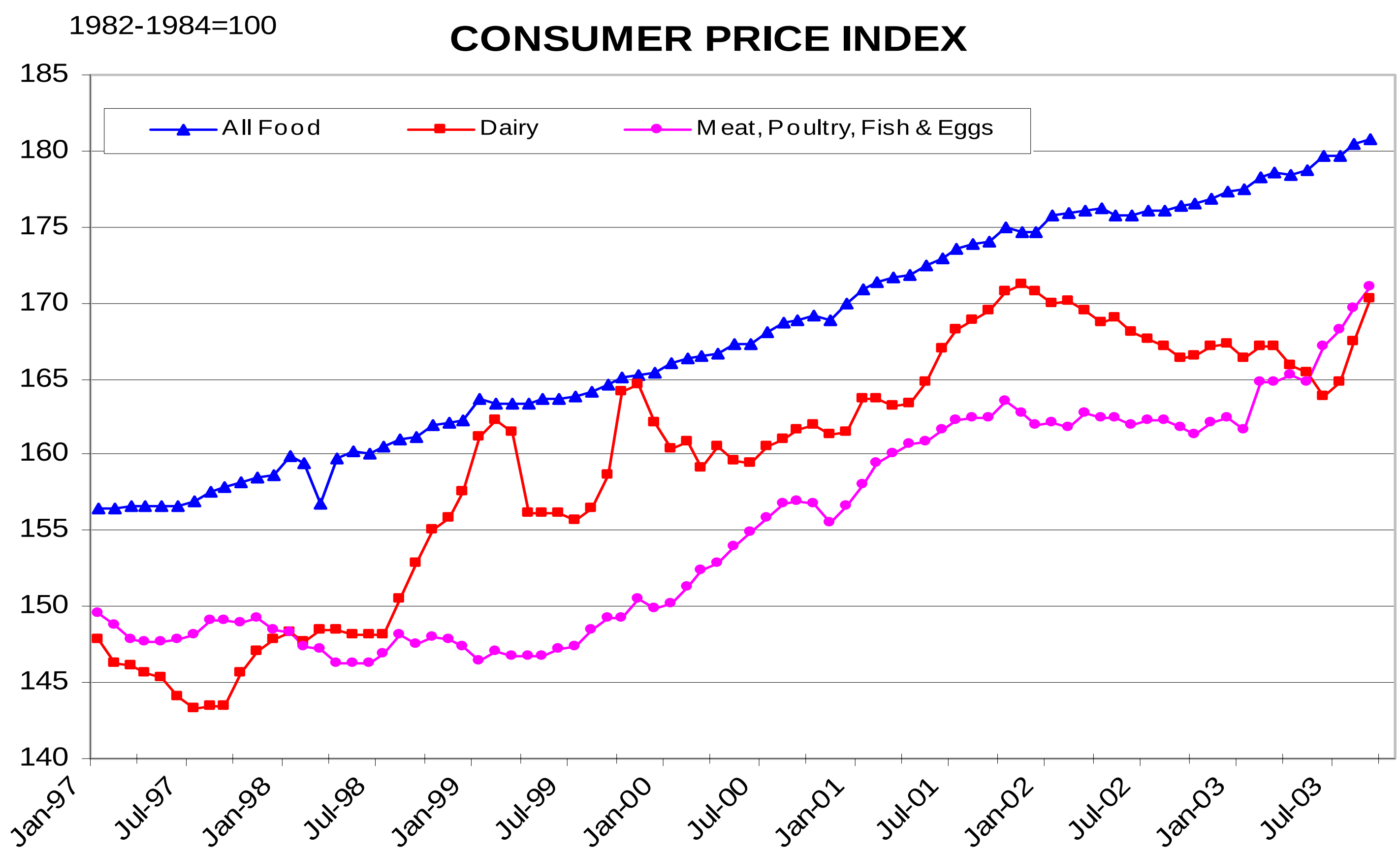
1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JUNE-AUGUST AND YEAR-TO-DATE 2002-03 1/

Item	Jun.-Aug. 2002	Percent change 2/	Jun.-Aug. 2003	Percent change 2/	Jan.-Aug. 2002	Percent change 2/	Jan.-Aug. 2003	Percent change 2/
	Million Pounds							
MILK								
Production	42,644	3.0	42,422	-0.5	114,744	3.0	114,959	0.2
Marketings	42,357	3.1	42,152	-0.5	113,985	3.1	114,244	0.2
Beginning Commercial Stocks 3/	11,863	26.9	13,303	12.1	7,041	3.0	9,889	40.4
Imports 3/	1,381	-28.4	1,183	-14.3	3,370	-15.0	3,243	-3.8
Total Supply 4/	55,601	6.2	56,638	1.9	124,396	2.5	127,376	2.4
Ending Commercial Stocks 3/	12,146	34.9	12,321	1.4	12,146	34.9	12,321	1.4
Net Removals 3/	109	230.3	256	134.9	220	78.9	1,081	391.4
Commercial Disappearance 4/	43,346	0.0	44,061	1.6	112,030	-0.2	113,974	1.7
SELECTED PRODUCTS 5/								
Butter	285.5	-6.4	276.9	-3.0	780.3	-0.4	775.2	-0.7
American Cheese	934.1	3.5	922.0	-1.3	2,447.5	0.9	2,431.7	-0.6
Other Cheese	1,294.4	3.5	1,331.9	2.9	3,415.2	2.7	3,478.2	1.8
Nonfat Dry Milk	235.8	-16.6	232.5	-1.4	512.1	-19.8	484.5	-5.4
Fluid Milk Products 6/	13,324.9	0.0	13,081.8	-1.8	36,431.5	0.1	36,283.5	-0.4

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ From year earlier on a daily average basis. 3/ Milk-equivalent, milkfat basis. 4/ Totals may not add because of rounding. 5/ Commercial disappearance in product pounds.
6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.





Source: US Dept of Labor, BLS, Graph: DMN

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 27 – 31, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/03	SAME PERIOD LAST YEAR	WEEK ENDING 10/24/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	277,200	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	277,200	-0-	-0-
NONFAT DRY MILK							
Nonfortified	6,106,236	88,180	6,018,056	24,890,359	23,805,572	938,467,000	1,098,868,000
Fortified	-0-	-0-	-0-	-119,048	-0-	46,391,000	46,391,000
TOTAL	6,106,236	88,180	6,018,056	24,771,311	23,805,572	984,858,000	1,145,259,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 27 - 31, 2003 =	1.3	70.1	COMPARABLE PERIOD IN 2002 =	2.0	28.9
CUMULATIVE SINCE OCTOBER 1, 2003 =	5.4	288.3	CUMULATIVE SAME PERIOD LAST YEAR =	7.8	279.8
CUMULATIVE JANUARY 1 – OCTOBER 31, 2003 =	697.5	6,701.1	COMPARABLE CALENDAR YEAR 2002 =	202.4	7,059.5

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 27 - 31, 2003 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,018,056	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/03 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
CENTRAL	-0-	-0-	-0-	277,200	-0-	-0-	-0-	32.8
WEST	-0-	-0-	-0-	-0-	24,771,311	23,805,572	100.0	67.2
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	277,200	24,771,311	23,805,572	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.

BUTTER Bulk $1.0500 per pound; 1# Prints $1.0850
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1889; Process Am. 2# $1.2289
NONFAT DRY MILK Nonfortified $.8000 per pound; Fortified $.8100; Instant $0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/11/03 & Comparable Week 2002

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2003-Dairy	0.2	0.8	8.7	6.1	19.4	3.0	0.5	1.2	14.0	3.2	57.1	2,220.9	50.3	47.9
2002-Dairy	0.1	0.8	6.7	4.9	20.4	2.6	0.7	0.9	13.7	2.5	53.3	2,002.3	46.2	46.1
2003-All cows	0.2	1.0	11.5	12.8	30.5	16.6	15.9	2.9	15.7	6.5	113.5	4,641.1		
2002-All cows	0.1	1.0	9.2	13.7	31.3	15.3	15.8	3.6	16.5	8.7	115.3	4,340.5		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES,(3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64	9.71	9.74	9.77	10.97	13.71	14.27	14.37	
II	11.29	10.66	10.54	10.44	10.43	10.46	10.63	10.81	10.76			
III	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30			
IV	10.07	9.81	9.79	9.73	9.74	9.76	9.95	10.14	10.05			

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm